MSRB Establishes 2024 Annual Rate Card Fees for Dealers and Municipal Advisors

Today the Municipal Securities Rulemaking Board (MSRB) submitted a proposed rule change to the Securities and Exchange Commission\(^1\) to establish, under the MSRB’s annual rate-setting process (“Annual Rate Card Process”), new rates of assessments for calendar year 2024 for the municipal advisor professional fee under MSRB Rule A-11 (the “Municipal Advisor Professional Fee”) and the underwriting, transaction, and trade count fees for brokers, dealers and municipal securities dealers (collectively, “dealers” and, together with municipal advisors, “regulated entities”) under MSRB Rule A-13 (collectively, the “Market Activity Fees” and, together with the Municipal Advisor Professional Fee, the “Rate Card Fees”).

The following new Rate Card Fees become effective as of January 1, 2024 and are currently anticipated to remain in effect through December 31, 2024.\(^2\)

<table>
<thead>
<tr>
<th>Basis</th>
<th>Current Rate for 2023</th>
<th>Proposed Rate for 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting Fee</td>
<td>Per $1,000 Par Underwritten</td>
<td>$0.0297</td>
</tr>
<tr>
<td>Transaction Fee</td>
<td>Per $1,000 Par Transacted</td>
<td>$0.0107</td>
</tr>
<tr>
<td>Trade Count Fee</td>
<td>Per Trade</td>
<td>$1.10</td>
</tr>
<tr>
<td>Municipal Advisor Professional Fee</td>
<td>Per Covered Professional</td>
<td>$1,060</td>
</tr>
</tbody>
</table>

\(^1\) File No. [SR-MSRB-2023-06](https://www.msrb.org/SR-MSRB-2023-06)

\(^2\) The new Rate Card Fees will continue to apply until a subsequent rule filing amending these Rate Card Fees becomes effective. Consistent with the Annual Rate Card Process, the MSRB anticipates amending these rates with a subsequent rule filing that would become effective as of January 1, 2025.
The Rate Card Fees for calendar year 2024 reflect the formulaic results of executing the Annual Rate Card Process to set and revise such fees to levels that the MSRB anticipates will be sufficient to: (i) cover anticipated expenses for the related fiscal year, (ii) maintain target contribution balances between fees on regulated entities, (iii) address any prior-year variance between the amounts of each of the fees actually collected versus budget, and (iv) address any variance between the amount of the MSRB’s organizational reserves versus the MSRB’s reserves target. Each of the Rate Card Fees for calendar year 2024 was determined based on the amount of revenue each fee is expected to contribute and the anticipated volume of activity underlying the fee. The amount of revenue each fee contributes is designed to be a fair and equitable balance, in line with recent historical precedents.³

By incrementally adjusting the fee contribution of regulated entities through these Rate Card Fees and the Annual Rate Card Process, the MSRB seeks to maintain a sustainable financial model that enables the MSRB to year-over-year fulfill its statutory mandate and meet the unique responsibilities of being the self-regulatory organization for the municipal securities market.

Questions concerning this filing may be directed to Thushara Perera, Director, Market Regulation, William Otto, Assistant Director, Market Regulation, or Omer Ahmed, Chief Financial Officer, at (202) 838-1500.

November 30, 2023

* * * * *

Text of Amendments*

Rule A-11: Assessments for Municipal Advisor Professionals

(a) – (c) No change.

Supplementary Material

.01 Annual Rate Card Fee. Pursuant to Section (b) above, each municipal advisor that is registered with the Commission shall pay to the Board a fee in the amount of $1,160 for each covered professional as of _________

³ See File No. SR-MSRB-2023-06. See also MSRB Fiscal Year 2024 Budget at pp. 13-16.

* Underlining indicates new language; strikethrough denotes deletions.
January 31 of the applicable year, beginning in 2024. Any subsequent amendment of this Annual Rate Card Fee will be determined through the Board’s annual rate card process as further described in the Board’s funding policy and be submitted to the Securities and Exchange Commission pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934, as amended. The annual rate card process includes (i) a maximum cap on targeted revenue that caps an annual increase in the total targeted revenue for a Rate Card Fee at 10% of the highest amount of such targeted revenue in the previous two annual rate cards and (ii) a maximum cap on assessment rate increases that caps the maximum increase in the assessment rate for a Rate Card Fee at 25% of the highest assessment rate in the previous two annual rate cards. The Board’s funding policy may be accessed at msrb.org.

.02 Calculation of the Prime Rate for Purposes of an Overdue Balance. No change.

* * * * *

**Rule A-13: Underwriting and Transaction Assessments for Brokers, Dealers and Municipal Securities Dealers**

(a) - (g) No change.

**Supplementary Material**

.01 Annual Rate Card Fees. The following rates of assessment shall be effective as of October January 1, 2024.

(i) Underwriting Assessment. The underwriting assessment described in (b) above shall be .00371 .00297% ($0.0371 0.0297 per $1,000) of the par value.

(ii) Transaction Assessment. The transaction assessment described in (d)(i) and (d)(ii) above shall be .00091 .00107% ($0.0091 0.0107 per $1,000) of the par value.

(iii) Trade Count Assessment. The trade count assessment described in (d)(iv)(a) and (d)(iv)(b) above shall be $0.571 .10 per transaction.

Any subsequent amendment of these Annual Rate Card Fees will be determined through the Board’s annual rate card process as further described in the Board’s funding policy and be submitted to the Securities and Exchange Commission pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934, as amended. The annual rate card process includes (i) a maximum cap on targeted revenue that caps an annual increase in the total targeted revenue for a Rate Card Fee at 10% of the highest amount of such targeted revenue in the previous two annual rate cards and (ii) a maximum cap on assessment rate increases that caps the maximum increase in the assessment rate for a Rate Card Fee at 25% of the highest assessment rate in the previous two annual rate cards. The Board’s funding policy may be accessed at msrb.org.

.02 Calculation of the Prime Rate for Purposes of an Overdue Balance. No change.